**** The cost necessary to process your DSL Internet Service through the SBCIS orderin

[1]Requires annual term agreement. Early termination fee applies. NEW DSL INTERNET SER SUBSCRIBERS ONLY. After your DSL Internet Service order request is processed, you will letter with instructions on applying for your $149 SBC Value Reward. You can apply for yo Value Reward selection online after installing DSL Internet Service. Allow 4-6 weeks for m of SBC Value Reward selection. Offer expires 7/31/01. Terms and conditions subject to ch without notice. Other restrictions may apply. DSL Internet Service pricing includes GSP ch is based on customer self-installation of DSL Internet Service on existing line. Minimum ad charge of $150 applies if technician install is required. If your line is not eligible for self-in or if you choose not to self-install, the installation charge is $200. DSL Internet Service bil when your DSL Internet Service is activated on our network. Service may not be available areas due to factors associated with DSL technology such as line conditions or distance. A connection speeds will vary. Internet services provided by Southwestern Bell Internet Ser Prodigy is a registered trademark of Prodigy Communications L.P. Other product and bran may be trademarks or registered trademarks of their respective owners.

[2]**Available for Business customers only.** Monthly pricing includes GSP charges. Regula telephone line and service not included. Applicable taxes and surcharges not included. DSL Service billing will begin when we have activated your DSL Internet Service on our networ Router Promotion requires an 18-month term agreement; a $200 cancellation charge will service is cancelled at any time during the 18-month contract. Existing Enhanced and Busi Internet Service customers who wish to change to the Special Router Promotion rate will b a $200 contract migration fee. Service not available in all areas due to factors associated technology such as line conditions or distance. Actual speeds will vary. Access speed is bet customer's location and the DSL-equipped Central Office or Gateway. DSL Internet Servic provided by Southwestern Bell Internet Services, Inc.

[3] **Available for Business customers only.** Offer valid from March 15, through October Southwestern Bell Internet Services only. Monthly pricing includes GSP charges; pricing d include charges for your regular telephone service. Applicable taxes and surcharges not in DSL Internet Service billing will begin when we have activated your DSL Internet Service network. Special Promotional Pricing with Router requires an 18-month term agreement; cancellation charge will apply if service is cancelled prior to the 18-month term commitme the first 90 days, customer has the option to migrate to the Low Speed Enhanced DSL Int Service (384Kbps - 1.5Mbps / 128Kbps) and remain at the $74.95 monthly rate througho month term commitment. Customer will NOT be billed a migration fee for this downgrade. included even if customer has existing router in place.

Southwestern Bell | DSL Internet Cer

Southwestern Bell Home
DSL Internet Center
Facts
Residential
Business
Support
Availability and Ordering
Pricing
Experience DSL Internet
Internet Security
Site Search
SEARCH
Site Map
FAQs
Contact Us

Contact Us

Residential DSL Internet Service

- Sales/Ordering Information: **1-888-792-3751**, Monday through Friday, 8 am to 6 pm (CT)
- Technical/Billing Questions: If you have ever accessed the Internet with your DSL Internet Service, please contact your Internet Service Provider. If you are a Southwestern Bell Internet Services customer, please call **1-800-638-4357**.

Residential DSL Internet Service Feedback

Business DSL Internet Service

- Sales/Ordering Information: **1-888-792-3751**, Monday through Friday, 8 am to 6 pm (CT)
- Technical/Billing Questions: If you have ever accessed the Internet with your DSL Internet Service, please contact your Internet Service Provider. If you are a Southwestern Bell Internet Services customer, please call **1-800-638-4357**.

Business DSL Internet Service Feedback

Internet Service

For questions about your Internet service, please contact your Internet service provider. If your ISP is Southwestern Bell Internet Services, please visit the Southwestern Bell Internet Services site.

Availability
- Check for availability in y area

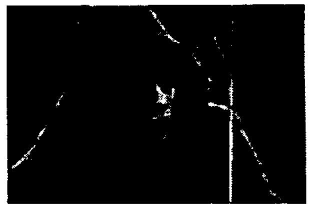
Order
- Residential
- Business

Support
- Customer Self-Install
- FAQs
- Glossary

SBC
Southwestern Bell • Pacific Bell • Nevada Bell • Ameritech • SNET

SBC DSL Internet Showcase

Broadband Pick of the Week



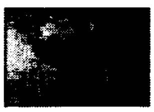
A Little Loving
UK | 15:06
Video Quality: 56K 500K

Plainclothes Roman gods help a woman win over her estranged beau.

atom

shockwave.com

MOVIES



■ **Big Feelings | 6:10**
Can love conquer all for a half-baked bunny and a [illegible]?
Video Quality: [illegible] High

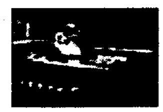
■ **Chinese Food and Donuts | 6:14**
It's [illegible]
Video Quality: [illegible] High

■ **Screwed : A Hollywood Bedtime Story | 17:05**
[illegible] gets blackmailed [illegible] must clean up the [illegible]
Video Quality: [illegible]

■ **Cousin | 4:40**
A [illegible] of a little boy with cerebral pal[illegible].
Video Quality: [illegible] High

■ **Migrations | 4:23**
A [illegible] angelic statue [illegible] oppressive [illegible]
Video Quality: [illegible]

GAMES



■ **Tank Wars**
Pick a tank. Pick a weapon. Then start picking off targets.
Download: 56K: 6.5 min DSL: 30 sec

■ **Shockwave Tetris**
The classic addiction is back. Now with a fresh look and interactive soundtrack. Too Cool.
Download: 56K: 6 min DSL: 30 sec

■ **Loop**
Herd 'em, loop 'em, catch 'em! Butterflies are everywhere! Part capturing game, part puzzle, this game is all action.
Download: 56K: 5.5 min DSL: 30 sec

■ **King of the Hill Paintball**
Dale invites the gang to his backyard for a battle. It's splat or be splattered.
Download: 56K: 3.5 min DSL: 15 sec

■ **Real Pool 3D**
Rack 'em up and get ready for the best 8-ball anywhere - with incredibly realistic 3D action.
Download: 56K: 3 min DSL: 10 sec

Archived Broadband Pick of the Week

■ **Prelude to Eden | 3:36**
[illegible]
Video Quality: [illegible]

■ **The Last Real Cowboys | 12:00**
[illegible] on the frontier. Featuring [illegible]
Video Quality: 56K: Low [illegible]

■ **Lint People | 7:33**
[illegible] threatens their thread.
Video Quality: 56K: Low DSL: High

■ **Angry Kid: Car Sick | 1:25**
Excessive travel snacking leads to digestive disaster.
Video Quality: 56K: Low DSL: High

Additional DSL Internet Information

■ Fly Through the City

Interest[ed]
DSL Int[ernet]

Sign up to [receive information] about DSL telecomm[unications] technolog[y]

Email add[ress]

*Phone N[umber]

*SBC will [use] the phone number w[e] to check availabilit[y]

I'm 1
I'm 1

You must [...] to order D[SL from] SBC.

CO

SBC

■ SBC DS[L]
■ DSL Int[ernet]
■ Why Bu[y]

O[rder] Int[ernet]

Come take the SBC DSL Internet Tour and see what you've been missing on the web!
Video Quality: 56K Low DSL: High

Help | Contact Us | About Us
Privacy Policy | Terms of Service | Copyright

IN THIS SECTION
Solutions
People
Network

RELATED LINKS

At SBC, we understand that the world in which we live and work now is always on. With the Internet, businesses serve customers anywhere on earth, day or night, 24 hours a day, seven days a week, 365 days a year. Almost no one works just in the office any more. We work on the way to work, in the aisle of our customer's location, on airplanes, from hotel rooms and from our family room. We toggle between our business and personal life most of the time.

SBC has been working for years to assemble the best and most complete infrastructure and services to enable customers to fully tap into the Always On World. We're bringing broadband power to millions of American homes and businesses, and we've assembled a full set of data tools and skills to help customers take full advantage of them. Most importantly, everything we've done has been with the overall goal of providing customized tools that meet the specific needs of our business and residential customers.

Our network, services and people set us apart.

- Through our network, we provide the most critical data connection - the link between the customer and the global broadband network. Customers depend on our local connections, and they provide the foundation for every form of communications in the Always On World.
- This network powers a full range of services, from broadband data connections to advanced eCommerce hosting and network integration. Through our own expertise as well as strategic acquisitions and alliances, we provide all of the services businesses need to thrive in the new economy.
- Our entire workforce - more than 219,000 strong - is focused on working with customers to combine and customize data and e-business services to meet their individual needs and to deliver those services over one of the most advanced communications networks anywhere.

While any number of companies can fill in pieces of the data puzzle, SBC brings all these assets and skills to bear for customers.

Solutions

Remote Access Solutions
eBusiness
Customer Relationship Management
eGovernment
Smart Medical Community
High Bandwidth Enterprise Networks
Building Your Business

People

SBC Technology Resources, Inc.
-Wireless systems
-Intelligent networks
-Broadband infrastructures
-Information technology
-Internet
Alliances
-Williams
-Prodigy
-Cisco
Sterling Commerce

Network

Project Pronto
DSL Internet
ATM
SONET
ISDN
Frame Relay
Advanced Services

Data

Data-Solutions-DSL Internet

Through an unrivaled deployment of DSL technology, SBC is placing affordable, high-speed Internet access within reach of millions of customers. Through a $6 billion initiative designed to transform SBC into the largest single provider of broadband services in America, SBC will make super-fast, instantly-available Internet access available to nearly all of its customers. The initiative, dubbed Project Pronto, will reach an estimated 77 million Americans by the end of 2002.

SBC's DSL Internet service provides subscribers with connection speeds to SBC's network up to 200 times faster than conventional 28.8 Kbps modems for access to the Internet or corporate network, dramatically reducing the time required to download graphics, video, and audio. Subscribers can use the same line to simultaneously talk on the phone, access the Internet, and send faxes.

Project Pronto is another important step in SBC's commitment to offer a full portfolio of data products and services. SBC's broadband transport services also include Frame Relay and Asynchronous Transfer Mode (ATM). SBC continues to develop new data products and services, and provide a high-speed, high-capacity network for next-generation data traffic.

And our combined Internet business with Prodigy will give customers "instantly available" DSL connections with high-speed Internet access. Together Prodigy and SBC will be the third largest ISP, with the size and resources to develop the next generation of broadband products and services.

Powerful Distribution Channels
SBC is creating powerful distribution channels by allying with independent Internet service providers (ISPs), computer manufacturers and other Internet-based companies. The company also is working with large corporations to provide DSL Internet service to telecommuters, remote workers and contractors.

Compaq
To make it easier for customers to access DSL Internet service, SBC has formed a strategic alliance with Compaq Computer Corp. The computer manufacturer now offers DSL Internet-ready computers to its customers.

IBM
As many as 15,000 IBM telecommuting employees will have remote access to IBM's corporate network via high-speed "instantly-available" DSL Internet service thanks to an agreement between SBC and IBM. The agreement represents the largest high-speed remote network application of its kind anywhere. SBC's DSL Internet service will enable IBM employees to boost their telecommuting productivity.

E*TRADE
SBC is also reaching customers through an alliance with E*TRADE Group, Inc., which will provide high-speed DSL Internet access to thousands of E*TRADE's most active investors. The DSL Internet service will enable certain E*TRADE customers to react more quickly and effectively to breaking financial market news and benefit from E*TRADE's rich content offerings.

IN THIS SECTION
Project Pronto
DSL Internet
ATM
SONET
ISDN
Frame Relay
Advanced Services

RELATED LINKS
Prodigy (offsite)

SBC's $6 Billion Project Pronto Initiative Brings DSL Internet to 80% of its Customers

IN THIS SECTION
- Project Pronto
- DSL Internet
- ATM
- SONET
- ISDN
- Frame Relay
- Advanced Service

RELATED LINKS

Through Project Pronto, SBC is creating a broadband network unrivaled in terms of customers reached and access speeds offered. SBC is equipping additional central offices, pushing fiber deep into neighborhoods and placing neighborhood broadband gateways at the end of the fiber to push the capabilities now housed in central offices closer to customers. This will make virtually all customers in targeted markets eligible for DSL Internet service.

Through Project Pronto, SBC will:

- Provide an estimated 77 million Americans – about 80 percent of its Southwestern Bell, Ameritech, Pacific Bell, Nevada Bell, and SNET customers – with high-speed voice, data and video services via Digital Subscriber Line (DSL) Internet service by the end of 2002. Ultimately, the company intends to make broadband service available to all of its customers.
- Rearchitect its network to push fiber deeper into the neighborhoods it serves and packetize voice traffic, which will significantly improve the efficiency of the network.
- Dramatically reduce its network cost structure. Expense and capital savings alone are expected to offset the cost of the entire initiative.
- Create a platform to deliver emerging services including voice-over-DSL Internet, and video services such as video on demand and personal videoconferencing, interactive online gaming and enable customers to take advantage of home networking.

Project Pronto Progress
SBC's Project Pronto is named as such for a reason: progress is rapid, and every month, DSL Internet becomes available to additional homes and businesses across the country.

- DSL Internet is available to approximately 18 million homes and businesses.
- More than 1,250 central offices are DSL equipped.
- 516,000 DSL lines in service at the end of Q3.

For more information about Project Pronto, click on the documents below:

Get the free Acrobat Reader
The Adobe Acrobat Reader lets you view and print PDF files on all major computer platforms

News Release

SBC Launches $6 Billion Initiative to Transform It Into America's Largest Single Broadband Provider
'Pronto' to Provide 'e-Tone' - Dialtone for the Internet - to 77 Million Americans; Accelerate Company's Move to Advanced Voice, Data, Video Converged Network

Maps: Maps of Top Cities in SBC's Service Area, Pre- and Post-Project Pronto

All maps are available in .pdf format

Southwestern Bell SNET

Select A City Select A City

NEVADA BELL PACIFIC BELL

Select A City Select A City

Ameritech

Select A City

*If you are experiencing problems downloading the map PDFs, please go to our Maps Download Page.

Fact Sheets

- SBC DSL Milestones
- Emerging Broadband Applications
- DSL vs. Cable Modems
- Glossary of Key Telecommunications Terms

Graphics

- The Broadband Office
- The Broadband Home
- SBC's Broadband Neighborhood Network
- Making the Right Connection; What Speed Do You Need?

Photos: Feature Photo of Emerging Broadband-Powered Products

- Photo of two SBC employees at the company's TRI technology development lab in Austin using a hand-held wireless Web device, enabling mobile Internet access in the home.

EXHIBIT IV

CISPA COMPLAINT

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

CALIFORNIA ISP ASSOCIATION, INC.,	)	
	)	
Complainant,	)	
v.	)	Case No._____
	)	
PACIFIC BELL TELEPHONE COMPANY (U-1001-C); SBC ADVANCED SOLUTIONS, INC. (U-6346-C) AND DOES 1-20,	)	
	)	
Defendants.	)	
	)	

VERIFIED COMPLAINT OF THE CALIFORNIA ISP ASSOCIATION, INC. AGAINST PACIFIC BELL TELEPHONE COMPANY (U-1001-C) AND SBC ADVANCED SOLUTIONS, INC. (U-6346-C)

July 25, 2001

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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

CALIFORNIA ISP ASSOCIATION, INC, Complainant, v. PACIFIC BELL TELEPHONE COMPANY (U-1001-C); SBC ADVANCED SOLUTIONS, INC. (U-6346-C) AND DOES 1-20, Defendants.	)	Case No._____

VERIFIED COMPLAINT OF THE CALIFORNIA ISP ASSOCIATION, INC. AGAINST PACIFIC BELL TELEPHONE COMPANY (U-1001-C) AND SBC ADVANCED SOLUTIONS, INC. (U-6346-C)

Pursuant to California Public Utilities Code §§ 1701 and 1702, the CALIFORNIA ISP ASSOCIATION, INC. ("CISPA") files this verified complaint against PACIFIC BELL TELEPHONE COMPANY (U-1001-C) ("Pacific Bell") and SBC ADVANCED SOLUTIONS, INC. (U-6346-C) ("SBC-ASI"), subsidiaries of SBC COMMUNICATIONS, INC. ("SBC"), seeking injunctive relief, specific performance and the imposition of penalties. CISPA alleges as follows:

INTRODUCTION

1. This complaint seeks to enjoin SBC subsidiaries Pacific Bell and SBC-ASI from illegally discriminating against and refusing to provide Internet Service Providers ("ISPs") not affiliated with SBC and their customers with reasonable and

adequate digital subcsriber line ("DSL") transport services, on which services California consumers increasingly rely for high-speed Internet connections, and over which SBC-ASI has a virtual monopoly in most of California. [1]

2. Through this unlawful denial of equal and adequate DSL services to independent ISPs and their customers -- conduct that violates California public utility law and the decisions of the California Public Utilities Commission ("CPUC") -- Pacific Bell and SBC-ASI are seeking to establish SBC affiliates, such as Pacific Bell Internet and Prodigy Communications Corporation, as the sole significant providers of ISP services that utilize DSL transport in California. SBC, through its California subsidiaries Pacific Bell and SBC-ASI, is thus seeking to leverage its control over DSL infrastructure into a new monopoly in California over both the provision of broadband Internet **access** and the delivery of Internet **content**, thereby fundamentally limiting consumer choice and eliminating the diversity of services now offered by independent ISPs.

3. The unlawful discrimination of Pacific Bell and SBC-ASI in favor of SBC affiliates and against independent ISPs and their customers is pervasive. For a consumer who simply wants to change his or her ISP from an SBC affiliate to an independent ISP, while keeping his or her DSL connection, these tactics include shutting down the consumer's DSL connection and requiring the consumer to order an entirely new DSL line – a process that typically takes three to four weeks - even though the requested

[1] CISPA is informed and believes that SBC-ASI is the entity through which SBC sells DSL transport in California, and Pacific Bell is the entity through which SBC sells local exchange telephone services. CISPA is informed and believes that Pacific Bell has licensed DSL facilities to SBC-ASI, and is involved in providing and maintaining infrastructure support for the DSL transport sold by SBC-ASI.

change could be accomplished in a short period of time and with minimal service disruption to the end user.

4. For a consumer who wants to obtain a DSL connection while keeping his or her independent ISP, a typical tactic is for an SBC-ASI representative to tell the consumer that the SBC-ASI representative can set up DSL service for the consumer with the consumer's current ISP, when in reality the technician is placing an order for SBC's own affiliate, Pacific Bell Internet. Using customer information provided to it by SBC-ASI, the ISP affiliated with SBC will proceed to place a Pacific Bell Internet order for this customer despite the customer's insistence that he or she wishes to obtain ISP services from his or her current ISP, rather than inform the customer that he or she should instead contact the ISP of their choice and place the order directly with the chosen ISP. These are but a few of the methods employed by SBC's subsidiaries in California to restrict competition and consumer choice through the manipulation of access to DSL infrastructure.

5. In seeking to leverage its control over DSL infrastructure into a stranglehold on the ISP end of the DSL business, SBC, a Texas-based conglomerate with operations in thirteen states, is in the process of using its California certificated utilities to eliminate the diversity and choice that has fueled the rapid spread and utilization of the Internet in California. Independent local and regional ISPs played a critical role in getting California online, and they remain at the cutting edge in developing services that are responsive to the needs and desires of their local communities, including providing a forum for local business advertising as well as links and information to local government and community services.

6. As businesses and employers responsive to their particular communities, local and regional ISPs reflect the diversity of California's many different communities. SBC, acting through Pacific Bell and SBC-ASI, seeks to raze this diverse virtual landscape and replace it with a uniform and monolithic structure not by offering a superior ISP service, but by using its control over the delivery mechanism to prevent superior services from being offered by others. Unable or unwilling to compete head-to-head with the localized and responsive services offered by local and regional ISPs, SBC is instead using its control over DSL **infrastructure** to create a new monopoly over **DSL broadband access** and the **content** delivered over such access. The Commission must act swiftly and forcefully to prevent this new monopoly from becoming a *fait accompli*.

THE PARTIES

7. Complainant CISPA, a California non-profit corporation, is a trade association of approximately 100 ISPs operating in California. A list of CISPA's members can be viewed at http://www.cispa.org. CISPA's contact address and numbers are as follows:

California ISP Association, Inc.
Attention: Lisa Bickford
4635 Georgetown Place, Suite G
Stockton, California 95207-6203
Tel. (209) 320-4309
Fax. (209) 320-4226

8. All pleadings, correspondence and other communications concerning this complaint should be directed to CISPA's attorneys as follows:

MBV Law LLP
Attn: Andrew Ulmer
855 Front Street
San Francisco, California 94111
Tel. (415) 781-4400
Fax. (415) 781-5143
andrew@mbvlaw.com

9. Many of CISPA's members purchase DSL transport from SBC subsidiary SBC-ASI to provide their customers with high speed-access to the Internet and other services.

10. CISPA is informed and believes, and thereon alleges, that defendant Pacific Bell is a subsidiary of SBC and is authorized to operate as a public utility in California subject to the orders and decisions of the CPUC. CISPA is informed and believes, and thereon alleges, that SBC provides local exchange telephone services in California through Pacific Bell, and that Pacific Bell is involved in establishing, maintaining and supporting critical components of SBC's DSL transport system in California. CISPA is informed and believes, and thereon alleges that Pacific Bell's address is 2600 Camino Real, San Ramon, California 94583.

11. CISPA is informed and believes, and thereon alleges, that defendant SBC-ASI is a subsidiary of SBC and is authorized to operate as a public utility in California subject to the orders and decisions of the CPUC. CISPA is informed and believes, and thereon alleges that SBC sells DSL transport in California through SBC-ASI, and that the DSL transport facilities operated in California by SBC-ASI are subject to a revocable

license from Pacific Bell.[2] CISPA is informed and believes, and thereon alleges that SBC-ASI's address is 300 Convent Street, San Antonio, Texas 78205.

12. The true names and capacities whether corporate, associate, individual, partnership or otherwise of defendant DOES 1 through 20, inclusive are unknown to CISPA who therefore brings this Complaint against said defendants by such fictitious names. CISPA will seek leave to amend this Complaint to assert their true names and capacities when the same are ascertained.

13. CISPA is informed and believes, and thereon alleges that defendants, including the DOE defendants, are and were at all relevant times the principal, agent, partner or employer of each other, and were, in performing acts complained of, acting within the course and scope of such agency, partnership or employment authority.

JURISDICTION

14. The CPUC has jurisdiction over this matter pursuant to Article XII, Sections 1 through 6, of the California Constitution, and pursuant to California Public Utilities Code Sections 701 and 761. Defendants Pacific Bell and SBC-ASI have applied for and received certificates of public convenience and necessity from the CPUC and have thereby agreed to abide by California law, including the provisions of the California Public Utilities Code and the orders and decisions of the CPUC issued thereunder. This Complaint is directed at activities occurring in California that violate California public

[2] On January 14, 2000, Pacific Bell filed an Application at the CPUC seeking among other things an order authorizing the transfer of advanced services assets to SBC-ASI (Application 00-01-023). That Application is still pending before the Commission.

utility law and the orders and decisions of the CPUC. The relief requested by this complaint is necessary to protect California consumers from the harm caused by such activities.

BACKGROUND FACTS

The Internet and Local ISPs in California

15. Millions of Californians are now connected to the Internet. The early and rapid spread of Internet access in California resulted in large part from the efforts of hundreds of independent small and medium sized ISPs, unaffiliated with a major telephone company, each seeking to develop a customer base in their local communities. It is these small to medium-sized local businesses and employers that have been in large part responsible for bringing Internet access to virtually every corner of California. There are hundreds of local and regional independent ISPs in California, with customer bases ranging from a few hundred to tens of thousands of customers.

16. Despite the heavy advertising of deep-pocket ISPs affiliated with national telephone company conglomerates such as SBC, a significant number of California consumers continue to choose independent local and regional ISPs as their connection to the Internet. Californians continue to connect to the Internet through their independent local and regional ISPs in part because these local businesses offer a level and type of service that other providers cannot match. Many consumers appreciate the opportunity to speak directly with an employee of their local ISP, who, if not their neighbor, is at least in the same time zone. Local and regional ISPs, with their relatively small customer bases and dependence on word-of-mouth referrals, and offer a more personalized and responsive service to remain competitive.

17. In addition to a more personalized level of service, local ISPs develop and tailor their services to meet the particular needs and demands of their local customers. Local ISPs, for example, typically provide direct links to local government agencies, community groups and to local newspapers, as well as providing access to the world-wide web. Local ISPs are also able to offer an online advertising outlet to local businesses on an economical basis. Indeed, many ISPs in California have developed an online "marketplace" for local businesses, thus making the ISPs an integral part of the local business community.

18. Through community chatrooms and bulletin boards, local ISPs also play a role in facilitating communication and the dissemination of information through communities. Many independent local ISPs have provided steeply discounted wiring and access services to their communities' schools, libraries, hospitals, police stations, and fire departments. These ISPs also provide in-home installation services and training classes in their communities. In short, local and regional ISPs, though in the "virtual" services business, are very much part of the actual communities where they are located, and in this way they serve the diverse needs and desires of different communities throughout the state.

19. The continued availability of a diverse array of ISP services to consumers in California is threatened not by competition in the ISP services business, but by the way in which the owners of California's DSL infrastructure, and SBC subsidiaries Pacific Bell and SBC-ASI in particular, have used their control over these delivery facilities in an attempt to establish an Internet access monopoly. To be sure, local and regional ISPs face increased competition from national ISPs and ISPs affiliated with former telephone

monopolies, such as SBC. But the future of consumer choice with respect to ISPs and Internet access is imperiled not by increased competition with respect to ISP services, but by the attempt of SBC to avoid this competition by resorting to manipulation of the DSL infrastructure that SBC, through Pacific Bell and SBC-ASI, controls in large part by virtue of its position as a regulated monopoly.[3]

DSL and High Speed Consumer Access to the Internet

20. California consumers increasingly rely on DSL to obtain a high-speed, "broadband" connection to the Internet.[4] With the advent of advanced video and voice services that require broadband connections, DSL has become an essential and rapidly expanding part of the Internet landscape in California. The California Legislature has recognized the importance of high-speed Internet access to the citizens of California, declaring that "those persons excluded from high speed networks today will find themselves excluded from the economic opportunities of tomorrow."[5]

21. The high-speed Internet access afforded by DSL transport is based on a combination of old and new technologies. DSL traffic travels largely over traditional copper-wire telephone facilities that companies such as SBC, through Pacific Bell in California, now control by virtue of their acquisition of the businesses of regulated monopolies. In large part, the DSL infrastructure that SBC, through Pacific Bell and

[3] DSLReports.com publishes a weekly report on ISPs rating their provision of broadband services. Pacific Bell Internet routinely receives mediocre ratings, while CISPA members average ratings are significantly higher. Issue Number 75 of these ratings gives Pacific Bell Internet an overall rating of 3.03/5.00. By comparison, CISPA members ratings are significantly higher (e.g. EarthLink 3.41, DSLExtreme 4.65, LINKLINE 4.14, InReach Internet 4.12). http://www.dslreports.com/gbu

[4] CISPA is informed and believes that cable modem service is very limited in its geographic availability and likely will remain that way due to the high cost of implementing cable broadband systems.

[5] California Public Utilities Code Section 709.7, the High Speed Internet Act of 1999, historical and statutory notes, sections 1 and 2 of Stats. C. 714 (AB 991).

SBC-ASI, is now seeking to use to gain control over the ISP business in California was developed under a regime of state sanctioned and regulated monopoly.[6]

22. The transport of DSL services over existing copper-wire plant inherited from regulated monopolies is made possible by "splitters" that separate high-speed digital signals from standard analog voice communications, thus enabling both sets of signals to use the same copper line at the same time. The voice signals are routed by splitters to a standard voice switch. The high-speed digital transmissions are sent to a Digital Subscriber Line Multiplexer - or "DSLAM" - located in a telephone central office. Each DSLAM contains multiple ports, each of which provides a consumer with an "always on" permanent virtual connection to their selected ISP. The ISP in turns provides the consumer with Internet access, as well as with other Internet services, such as direct links and access to local businesses and government services and information.

SBC's Monopoly over DSL Infrastructure in California

23. While the demand for high-speed Internet access has continued to grow, the number of companies in the business of providing DSL connectivity in California and elsewhere has contracted dramatically over the past year. Indeed, in the wake of the collapse and market withdrawal of well-funded independent DSL providers such as NorthPoint Communications and Rhythms NetConnections, the successors to regulated telephone monopolies, such as SBC, are poised to stand alone in their control of this critical Internet transport service. As investment bank Goldman Sachs has noted in a

[6] In fact, DSL is a decades-old technology that Pacific Bell and other incumbent local exchange carriers refused to commercialize for fear of it cannibalizing their high profit dedicated T-1 business. The emergence of independent providers of DSL and demand from ISPs finally forced the incumbents to enter the broadband market.

telling epitaph for the independent DSL business, "the Bells have won in keeping DSL a monopoly, especially in the residential market."[7]

24. Though in many ways the spawning ground for high-speed Internet access technologies, California has not escaped the effects of the implosion of independent DSL providers. The recent bankruptcy of NorthPoint Communications forced the CPUC to address the fragile DSL market. In California, the continuing collapse of the independent DSL industry means the further concentration of a market already dominated by the former telephone monopolies, which accounted for approximately 80% of the 2.9 million DSL lines installed in California as of the end of March, 2001.[8]

25. Among the former telephone monopolies that dominate and will increasingly monopolize the provision of DSL services in California, CISPA is informed and believes that SBC-ASI is by far the largest. SBC-ASI enjoys virtually exclusive control over DSL transport in most of Pacific Bell's service area, which covers approximately 78% of the geographic area of California.[9]

26. The dependence of California consumers on DSL transport provided by SBC-ASI is particularly evident in rural areas, where alternative DSL providers largely have been unable to gain any toehold. In metropolitan areas that had experienced some competition in the past, the disappearance of the major independent DSL providers, combined with the dismal prospects of the few that remain, promises a future in which

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[7] Reuters Newswire, "DSL Providers Implode," April 4, Jonathan Stempel.

[8] This 80% figure is an estimate based on the a recently released study by the consulting firm Telechoice. The study found that 83% of the DSL lines installed are owned by the incumbent local exchange carriers. http://news.cnet.com/news/0-1004-200-5964929.html?tag=cd_mh

[9] http://www.siliconvalley.com/docs/news/tech/080811.htm .

urban and rural areas alike in California will be increasingly dependent on SBC subsidiaries for obtaining DSL transport service.

27. With its control over DSL infrastructure well-established and growing in California, CISPA is informed and believes that SBC, through Pacific Bell and SBC-ASI, has engaged in a concerted effort to leverage its dominant position in the area of DSL transport into a new monopoly over the ISP end of the DSL business. The results have been spectacular thus far – for SBC and its shareholders. As SBC boasted in its first quarter investor report of 2001, it provides more than 80% of its DSL connections to ISPs owned or controlled by SBC.[10]

28. SBC's emerging dominance in the ISP end of the DSL business results not from a superior ISP service, but from SBC's manipulation, through Pacific Bell and SBC-ASI, of DSL infrastructure access both to prevent consumers from changing their ISP to a non-SBC affiliate, and to force consumers to switch to an SBC affiliated ISP if they want to get a DSL connection on a timely basis.

SBC-ASI is Using Its Control Over DSL Transport to Prevent Consumers from Switching Their ISPs from SBC Affiliates to Independent ISPs

29. CISPA is informed and believes that SBC-ASI has imposed unreasonable conditions on DSL transport customers seeking to change ISPs, a practice known as "clenching." In a typical scenario, a dissatisfied customer of an ISP affiliated with SBC,

[10] SBC First Quarter Investor Report issued April 23, 2001 at p. 4. http://www.sbc.com/Investor/Financial/Earning_Info/docs/1Q_IB_FINAL.pdf

such as Pacific Bell Internet, contacts Pacific Bell or SBC-ASI to switch his or her ISP services to an independent ISP. The customer is informed that in the event of a cancellation of the SBC affiliated ISP service, the customer's DSL connection will be discontinued, and the customer will have to reapply for an entirely new connection, a process that can – and does – take three or four weeks to complete, and is subject to the availability of new DSLAM ports in the consumer's area. Needless to say, the threat of losing a DSL connection entirely – for even a short period of time - operates as a nearly insurmountable deterrent to a consumer's exercise of his or her choice to use an ISP other than an SBC affiliate.

30. While SBC has raised a myriad of reasons to explain this "clenching" practice, the fact is that the switching of a consumer's DSL connection from one ISP to another is a completely routine task that can be accomplished in a short period of time with minimal service disruption. Indeed, until the formation of SBC-ASI and the transfer of Pacific Bell DSL customers to SBC-ASI, Pacific Bell regularly accomplished such change orders within five (5) days and with virtually no service disruption to the end user. Whatever explanations it may offer, the clear effect of SBC-ASI's clenching practice is to prevent consumers from leaving ISPs affiliated with SBC to obtain ISP services from independent providers.

31. SBC's practice of DSL "clenching," implemented through its California certificated subsidiaries Pacific Bell and SBC-ASI, is analogous to the illegal practice of "slamming," in which a consumer's long-distance carrier is changed without his or her informed consent. As in "slamming," clenching forecloses the exercise of meaningful choice by consumers, and represents a concerted effort by a utility to use its control over

infrastructure to force a choice on California consumers. The CPUC, of course, by taking a strong, timely and effective action against "slamming," has managed to substantially curtail this type of customer manipulation in California. To date, SBC's practice of clenching has gone completely unchecked, and as a result California consumers continue to be denied their choice of ISPs.

SBC-ASI is Manipulating DSL Access to Discriminate Against Independent ISPs and to Force Customers of Independent ISPs to Switch to SBC Affiliates in Order to Obtain a DSL Connection

32. In addition to seeking to preclude consumers from leaving SBC affiliates for independent ISPs, CISPA is informed and believes that SBC-ASI is using its control over DSL transport infrastructure to discriminate against independent ISPs, and to compel existing customers of ISPs to switch to an ISP affiliated with SBC if the customers want to get a high-speed DSL connection on a timely basis. One brazen example of this conduct involves requests made by independent ISPs for DSL connections for their customers. CISPA is informed and believes that in response to such requests, ISPs have been informed by SBC-ASI that due to DSLAM "port exhaust," "lack of RT readiness" or loop distance issues, no DSL connection for the customer is currently available.

33. CISPA is informed and believes that often a short-time thereafter, an ISP owned or controlled by SBC, typically Pacific Bell Internet, will contact the independent ISP's customer via direct mail or "cold calls" and tell the customer that if he or she subscribes to an SBC affiliated ISP, a DSL connection will be forthcoming. Far from seeking to enable the consumer to make an informed choice, SBC's California subsidiaries and affiliates seek to confuse the consumer into thinking that he or she must

use an SBC affiliate as his or her ISP in order to get DSL service. Through its manipulation of DSL access and the impermissible sharing of confidential information, SBC-ASI and Pacific Bell thus seek not only to deny the consumer access to a DSL connection through his or her chosen ISP, but also to use their privileged position as providers of DSL and local exchange services to allow SBC to steal the customers of independent ISPs using false information.

34. This illegal use of an infrastructure service to deprive consumers of choice, and independent ISPs of their customers, is part of a broader pattern of conduct in which SBC, acting through California utilities Pacific Bell and SBC-ASI, discriminates against independent ISPs, and the customers of independent ISPs, in the manner in which DSL services are provided and provisioned. The result has been to create a strong impression among consumers that if a consumer wants to get a DSL connection, he or she needs to change his or her ISP to an SBC affiliate, even if the consumer would prefer to remain with his or her independent ISP and its more personalized and localized set of services.

35. In addition to discriminating against independent ISPs in the allocation of DSLAM ports, SBC-ASI and Pacific Bell discriminate against independent ISPs in providing the support services that are necessary to establish and maintain DSL connections. For example, CISPA is informed and believes that even if a DSLAM port is available, customers of independent ISPs often find that the work necessary to convert their existing telephone equipment to DSL use, a process known as "line conditioning," can take weeks for SBC subsidiary Pacific Bell to complete, while customers of SBC affiliated ISPs enjoy much more rapid response and turnaround. SBC subsidiary Pacific